

**MINUTES**  
**MICHIGAN FOREST FINANCE AUTHORITY (MFFA or AUTHORITY)**  
**BOARD OF DIRECTOR'S MEETING**  
**Tuesday, September 16, 2008**  
**Mason Building, 530 West Allegan, Lansing**  
**Conference Room 6 East**  
**2:00 p.m.**

**AUTHORITY BOARD OF DIRECTORS PRESENT**

Mr. Joseph Fielek, Michigan Department of Treasury (Representing the State Treasurer as Chairman)  
Mr. Warren Suchovsky, Suchovsky Logging  
Ms. Mindy Koch, Department of Natural Resources (Representing Director Rebecca Humphries as Vice-Chair)  
Mr. Martin Gibbs, (Representing Department of Labor and Economic Growth Director, Keith W. Cooley)  
Mr. Shawn Hagan, The Forestland Group  
Dr. Paul Eisele, Masco Corporation  
Dr. Karen Potter-Witter, Michigan State University (MSU)

**MICHIGAN FOREST FINANCE AUTHORITY OTHERS PRESENT**

Ms. Kim Korbecki, Department of Natural Resources (DNR)  
Mr. Ronald Murray, DNR  
Ms. Cara Boucher, Acting State Forester, DNR  
Ms. Lynne Boyd, DNR  
Mr. David Neumann, DNR  
Mr. Terrence P. Grady, Office of the Attorney General

**WELCOME / INTRODUCTIONS**

**Acting Chair Fielek** called the Michigan Forest Finance Authority (MFFA or Authority) Board Meeting to order at 2:08 p.m. He welcomed all present and noted a quorum was present to conduct business.

**Acting Chair Fielek** announced the reappointments to the Authority of **Dr. Karen Potter-Witter** and **Mr. Kelvin Smyth**.

**AGENDA REVIEW**

**Acting Chair Fielek** opened up the floor for comments regarding the Agenda; there were none.

**MOTION:**     **Mr. Suchovsky** moved to adopt the Agenda of the September 16, 2008 Authority Board Meeting as presented; supported by **Mr. Hagan**  
                  **Motion carried unanimously**

**ADOPTION OF MINUTES / June 11, 2008**

**Acting Chair Fielek** opened the floor for comments regarding the June 11, 2008 Authority Board Meeting Minutes; there were none.

**MOTION:**     **Mr. Gibbs** moved to adopt the June 11, 2008 Authority Board Meeting Minutes, as presented; supported by **Dr. Eisele**  
                  **Motion carried unanimously**

**PUBLIC COMMENTARY**

None

**INFORMATION****Red Pine Project (Mr. Neumann)**

**Mr. Neumann** reported that 5,900 acres were approved under Phase I for harvesting. 3,500 acres have been resourced using marking contracts and timber sales. 700 acres out of the 5,900 approved as part of Phase 1 were nominated as part Atlanta Management Unit's Phase 2 quota, and will be resourced after October 1 using marking contracts. An additional 1,700 acres have been done or are scheduled to be completed by DNR staff. Of the 1,700 acres, about  $\frac{3}{4}$  have been completed and advertised sales preparation has been completed; 1,100 acres have been advertised and had an appraised value of \$1.1 million.

**Mr. Neumann** stated the first of the Phase 1 sales prepared using marking contractors are ready to be advertised; however a bid opening date had not been set yet. Most of the marking contract sales will be completed and advertised in October (2008) through March (2009).

Under Phase 2, about 2,500 acres will be proposed for harvest as part of the on-going FY 2010 Year of Entry Compartment Reviews. These acres will be resourced at the end of December 2008. Standard contract length will be designated for these sales; usually 2 to 3 years.

**Dr. Eisele** questioned the fact that the Authority had approved \$2 million for this project, and bids received so far for a fraction of the project total acreage amount to about \$1 million already.

**Mr. Neumann** responded the appraised value was \$1.1 million while the sale value is expected to be approximately \$1.5 million for the 1,100 acres that have been prepared so far; only 1,100 acres out of the total project goal of 7,100 acres. **Ms. Boucher** commented the DNR expects to get a little bit more on these acres (than the appraised value), as the DNR usually will gets 30-40% more than the appraised value. **Ms. Boucher** also commented that regeneration on these acres have yet to be done because they haven't been harvested yet.

**Archaeological, Cultural Management (Cara Boucher)**

The Department of HAL is currently wrapping up the field season; they were very successful, even finding additional sites to look at. They are currently identifying items that are not already in the DNR database.

**Spatial Inventory Project (Ron Murray)**

**Mr. Murray** reported the project is going well. New staff hit the ground running in May; they have experience with the KOTAR system and didn't need as much start up time. The team worked through the summer to get field protocols down the way they wanted them, and to collect data. Staff started in the Lower Peninsula, which went better than expected. They put together NRCS field surveys to take samples in a series. Staff will begin on the Upper Peninsula next summer (09).

**Mr. Murray** continued saying that staff will spend time during the winter collecting, analyzing data, getting databases set up and work with staff doing inventory. Staff currently has handheld data recorders which have some problems they are currently working through; next field season should be much more efficient.

**IFMAP Stage I and II Software**

**Mr. Murray** stated the DNR is very pleased with how this project has worked out. DIT staff has determined they can develop many of their own applications for Stage I. DIT is ready to give a demonstration to the Authority at the December 10 Board meeting.

**Mr. Murray** reported the requirements were completed in May, the design is finished, the DNR is connected to CITRIX environment, and Stage I software is about 85% complete. In-house

testing begins approximately October 1; final testing will occur in October also. Work is beginning on Stage II, looking for protocols that will help the DNR collect data in ways that will be more efficient.

### **Woody Biomass Harvesting**

**Ms. Boucher** reported there was a July conference call and “go-to-meeting” forum; about 18-20 members from the Forest Management Advisory Committee, industry conservation groups, other various agencies, the Natural Resource Conservation Service and the Forest Service all participated. The outline the DNR is currently looking at and following covers basic concerns, what other states and provinces have done, and using guidance from those areas. Three subgroups have also met, dealing with biodiversity and ecosystem nutrients; not all agree with what the DNR should be including in the biomass guidelines. **Ms. Boucher** stated they originally thought a draft guideline would be ready during October, but they have discovered the need to discuss the guidelines further via conference call and face-to-face meetings.

**Ms. Boucher** reported they are reviewing Minnesota, Pennsylvania and Wisconsin's guidelines, as well as those from Ontario. Minnesota developed the first guidelines in the United States and is focused on planning, design and procedures for what you do on the ground. Wisconsin is following a similar format. Pennsylvania's guidance includes public policy issues.

### **Permanent Sample Plot Program**

**Mr. Murray** reported there were no bids on this at all. Some were interested and did a discovery research project; some people didn't know it was out there; some people didn't have time; and some people would like to see a scoping stage. The DNR has started to redraft the Request for Proposals (RFP) and will add a scoping phase to the contract. The plan is to have a draft document to present to the Authority at the December meeting.

### **Intensive Inventory of Oak and Northern Hardwood Stands**

**Mr. Neumann** reported that conducted scoping calls with potential vendors for the inventory design component of the project. The calls indicated a potentially higher range of costs for the design phase of the project than anticipated. Because the cost was higher than \$25,000 the design RFP had to be handled by DMB, and in accordance with their procedures it became a 120-day minimum length process to issue the contract. This means that the project schedule will have to be pushed back one year; we won't be able to collect data until May of 2010 with a potential a finish date of 2012. Originally, the projected start date for data collection had been spring 2009.

Two bids were received for the Intensive Inventory design RFP. The design RFP was for all both oak and northern hardwood projects; a presentation will be made to the Authority when the final inventory design is completed. The Department of Management and Budget's timeline is driven by dollar amount; the cost on the design phase of the project was higher than originally projected. The DNR anticipates an award for the design contract in the first week of November.

**Mr. Smyth** arrived at 2:10 p.m.

### **STATUS REPORT OF SPENDING**

**Ms. Boucher** provided a spreadsheet to the Authority outlining spending to-date. Discussion ensued. **Ms. Boucher** explained that the DNR accounting system often has to move dollars between funding sources (accounts) to be sure charges are properly posted, which explains the \$243,000 difference in the red pine project line item from the June to September reports.

**Mr. Murray** commented the next portion of the project will cost considerably more.

**DEVELOPING PROJECT UPDATE****IFMAP Inventory Implementation Project**

**Ms. Boucher** stated as of last January the DNR had plans to roll-out in 2 years; it appeared to be about \$5 million to implement. \$300,000 has been set aside for timber sale contracts which are in the operating budget for FY09.

**Mr. Murray** reported we can now collect data we couldn't collect during FY08, better data for around the same cost. **Ms. Boyd** commented it is a quality of management issue; the DNR is currently unable to look at the market a few years out. **Ms. Boucher** stated we have the opportunity to make the change but have to have the system in place. **Ms. Boyd** reported the DNR is still hiring staff and we have already invested in more data recorders which will make staff more efficient.

**VMS IMPLEMENTATION PROJECT**

**Ms. Boucher** reported the DNR has had conference calls on what it will be doing next year, discussing number of hours that will be dedicated to IFMAP.

**PRIORITIZING FFA PROJECT WORK**

**Ms. Boucher** provided a handout to the Authority. **Dr. Eisele** commented there are many programs currently taking place; he stated the chart was very helpful. **Ms. Boyd** reported the DNR hits pitfalls every day; when significant time delays occur the project list is taken back to the Forest, Mineral and Fire Management, Management Team to discuss where the DNR should be. Discussion ensued.

**Mr. Hagan** suggested doing a quick review at the quarterly Authority meetings. **Acting Chair Fielek** asked for other comments. **Ms. Boucher** stated there will be an update at the next Authority meeting with visuals to aid the Authority.

**RESOLUTIONS**

None

**ADJOURNMENT**

**Acting Chair Fielek** requested a motion to adjourn.

**MOTION:**     **Dr. Eisele** moved to adjourn the meeting of the Michigan Forest Finance Authority; supported by **Ms. Koch**  
                  **Motion passed unanimously**

Meeting adjourned at 3:32 p.m.

**AGENDA ITEMS / NEXT MEETING**

**Next meeting: December 10, 2008**

**Mason Building, Conference Room 6 East**

**2:00 – 5:00 p.m.**